

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

January 22, 2015

Members in attendance: Rich Bowen, Tom Busa, Elizabeth McClung, Barbara Perry, David Powell, Steve Steele (Chair), Ben Thomas.

Others in attendance: Richard Callaghan, *Library Director*; Rachel Field, *Library Trustee*; Victor Garofalo, *Director of Finance and Collector/Treasurer*; Bill Moonan, *Selectmen/Capital Expenditures liaison*; John O'Connor, *Capital Expenditures (Chair)*; Noreen O'Gara, *Assistant Library Director*; Jim O'Neil, *Capital Expenditures*; Jessica Porter, *Assistant Town Manager/CapEx administrator*; Michael Pulizzi, *Library Trustee*; Abbie Seibert, *School Committee/Capital Expenditures liaison*; Julie Turner, *The Bedford Citizen*.

Library budget presentation: Director Richard Callaghan started by saying the FY16 Library budget meets the 2.5% increase guideline set by FinCom. Mr. Callaghan remarked that the budget is "a little tight," but he knows it's the same for all Town departments.

Mr. Thomas asked if there is a problem with State aid qualification now that utilities have been taken out of the Library budget and moved under Facilities. Mr. Callaghan replied that Board of Library Commissioners had been consulted and were already familiar with this change in accounting. "It's \$100,000 out so it would have been a big hit," Mr. Callaghan said. He added that the Trustees approved of the change as well and that Assistant Director O'Gara was very happy to relinquish oversight of energy usage because she had "tracked it very closely."

"We've done a lot of energy-saving things within the building which we will continue to do," Mr. Callaghan said.

State library aid for Bedford had been stagnant for a while but this year it increased to about \$23,000.

No changes in personnel or hours of operation are planned for FY16. Mr. Callaghan said that the Library has lost "4 to 5 different staff members to other libraries in the area because they were part time here but went to full time jobs with pay increases" elsewhere.

While acknowledging that staffing concerns were "a trend that has happened before", Mr. Callaghan said: "One went to Concord and Concord does pay a bit more. I had a talk with Rick because we're a little concerned about that. Two or three years ago this wasn't happening because there weren't any jobs. Now, the economy's better, there are more jobs and people who were working 20 hours a week see full-time jobs with benefits posted in other towns. I don't blame them for leaving but still, it's a drain on us. We've been able to hire people to replace them but it's tiring, it costs money to hire people, and we'd rather keep those [original] good people in place."

Mr. Callaghan said he and the Trustees that are concerned that Bedford is falling behind in pay levels. Asked how big the lag is, he estimated 10%.

A second staffing concern dealt with Sundays: other Towns pay time and a half to work Sunday hours

but that is not within Bedford's pay structure. "Rick and I had a conversation about other strategies to make the positions more attractive," Mr. Callaghan said.

A third staffing concern was vacation time. New hires are offered two weeks; other libraries offer "at least three." He admitted that the minimal vacation time was a factor for him when he was originally offered the Director's position.

Ms. McClung asked if having so many students in the library was problematic.

Mr. Callaghan said he'd rather have them in the library than at large in the town and that the Teen Librarian was very good at creating programs for half days that regularly drew in 30-40 kids. The Friends of the Library provide funding for food for those activities.

Ms. Perry was noted that the book budget for Fy16 had increased by \$5000. Mr. Callaghan said last year money had been shifted out of the operating budget book line item to cover personnel changes he wanted to make. He supplemented with Library Corporation funding and gift funds—which he would do to some extent in any given year.

"We'd of course like a little more [in the budget] but there are always things we can do. We try to live within the guideline the Finance Committee gives us and we're lucky to have other sources of funds we can tap, too. But those funds aren't endless so we're very cautious about using them."

Responding to a question from Mr. Bowen about merit increase for the Library, Mr. Garofalo said the merit amount of \$21,734 had already been taken out of the Library's budget before Mr. Callaghan crafted the budget being presented.

Mr. Busa asked about the different Library fund and gift account balances: were they increasing, decreasing, flat?

Mr. Callaghan said some with small balances had been zeroed out since the budget presentation last year. Also, other funding sources are being tapped for different projects. Corporation expenditures, for example, have been \$10,532 so far for FY15. "We'll probably end up spending [another] \$15,000-\$20,000 out of the Trust before the end of the year because we have a couple of projects coming up. This won't deplete the Trust—it's mostly spending all the interest that's in there.... There are trust funds that we can only spend on specific things." He added that about half of the total funds are restricted to specific uses.

The total balance of the Trust funds is now about \$700,000 [including stock value]; accumulated State aid—which can be rolled over year to year—is about \$86,000.

The Library Revolving fund is about \$38,000 which Mr. Callaghan called "a little high", saying they like to keep it at about \$20,000, but there are upcoming plans to use some of these funds.

Funds other than Operating have this year paid for a fence around the Library's transformer; window-tinting; an out of state travel budget [once in the operating budget]; signage; reference room

remodeling; shelving in Periodicals. It will pay in future for an upcoming website re-design. Mr. Callaghan added that the recent \$45,000 re-modeling of the Teen Area had been paid for entirely with Corporation funds.

The Friends have provided \$30,000 this year that includes iPads for the Children's Room, circulating laptops; and programming.

Ms. Perry asked Mr. Callaghan to provide at a later date a full list of projects/expenses paid for with other-than-operating-budget funds. She added that she remembered years when the Library funded the majority of its book purchases because the Town couldn't afford to.

Looking at the trust and gift accounts, Mr. Busa said he doesn't want to tax the taxpayers when the Library is "sitting on a pool of money that actually could be used to run the Library." He added that, even if the Library weren't funded enough by the Town to meet eligibility for State aid, other Towns in the same position have asked for and received waivers.

"I'm not saying 'Now' but down the road, if we run into tough times again," Mr. Busa said. "We have the same discussion with Recreation. They have a pool of money that just seems to grow."

In conclusion, Director Callaghan said he tries to balance using Trust and Corporation funding. On the one hand, he wants to be responsible to the Town and on the other he wants to be responsible to those who establish the trusts in the first place. He added that the Library remains a busy, well-used resource.

Minutes: Ms. Perry moved that the minutes of January 8, 2015 be accepted as amended. Mr. Bowen seconded. The motion passed, 7-0-0.

Capital Expenditures presentation: Mr. O'Connor began the presentation by saying CapEx is composed of a combination of at-large members and voting liaisons from three boards: Selectmen, School Committee, and Finance. He went on to describe the new process for ranking capital projects.

"With the new process, the department heads are like a fully-functioning team. They 'self-vet'. They're looking at it six years out and really giving it a hard look. Before, there were cat fights—there was only so many dollars that could go around each year. Now, they are giving and taking, back and forth until they have something that's going to make that six-year window work for the Town. It's a longer view."

As always, CapEx has a list of standard questions to ask about each project. Now, department heads know what those questions are well ahead of time so the answers can be part of their presentations.

In the new process, CapEx ranks projects using four categories: 0) needs; 1) nice to have; 2) not needed this year/not ready for prime time; X) elimination. Ms. Perry added that—different from the former ranking process— CapEx did not look at project cost when determining the score.

FinCom members then asked about specific projects and about the process:

- Mr. Thomas: Why is Project 12 DPW Water Main Improvement [\$753,962] listed under “Bonding” when it will be paid for through water/sewer rates? Mr. Garofalo explained the while it would be paid for by rates, it was a 0% loan that would be paid back, but not all at once.
- Mr. Thomas and Mr. Busa: Why bond the \$300,000 telephone system? Mr. Garofalo replied this plan was subject to change.
- Mr. Thomas: Have the projects listed under Community Preservation been vetted/approved by CPA? Mr. Garofalo said CPA was aware of them all and would hold public hearings as usual before voting approval.
- Mr. Thomas: Does CapEx consider whether a project will later yield maintenance costs? Mr. Moonan replied that the question is commonly asked of applicable projects.
- Mr. Powell: If there was more money to spend on Capital, are there projects that would make sense to move forward from the FY17 list? Mr. O’Connor replied CapEx does ask this type of question during the process. Mr. Moonan added that CapEx also asks the reverse question: Are there projects that *shouldn’t* happen this year?
- Mr. Steele: Do you ask the departments to verify that they have the capacity to perform the work for the projects they propose? Ms. Perry and Mr. O’Connor replied that they do ask this question, although this year with the new process it was asked/answered without regard for the cost of the project.
- Ms. McClung asked, looking at this year and next year, whether it makes sense to hold some Capital back from this year to use for next year. Mr. Garofalo answered that the forecast for Capital projects for next year is similar to the total this year. The same is true for the next few years.
- Ms. McClung also expressed concern about capacity, adequate staffing, and length of time, specifically related to relining water mains and to catching up on road maintenance— a project connected to pipe relining. Mr. O’Connor said that much of the water lining and road work is subbed out to outside contractors, although DPW staff does oversee these projects. Mr. Garofalo said there was only so much that could be done “without closing down Bedford”.
- Mr. Bowen asked whether the \$175,000 project for Sabourin Field light/light pole replacement was intended to achieve better energy efficiency or to improve use of the facility. Ms. Porter and Ms. Seibert said some fixtures are damaged and need to be replaced and the newer fixtures will use less energy. Mr. O’Neil said there was also a split pole that made the project a matter of safety. Mr. O’Connor said the upgrade will make it possible to control the lights remotely.
- Mr. Bowen wondered whether Rec could contribute funds toward this project. Mr. O’Connor said CapEx had not delved into the specifics of funding.
- Mr. Bowen asked if the high capacity ventilation fans for BHS are needed because of poor planning/design during the building project. Mr. Sills replied that there are two reasons these fans are needed: 1) rooms are being used as Chem labs that were originally not intended as such; 2) the Science department was not happy with the original designs but their input was not heeded. For the time being, the problem is being worked around but it needs to be addressed.
- Mr. Busa questioned the wheelchair lift for the press box, asking why it received a low priority score if it was an ADA requirement. Ms. Seibert replied that –even though it did receive a low

score—the lift was needed. Without it, the press box can be used for an event only if the building inspector ascertains that no person with a physical disability needs to gain access.

Mr. O’Neil and Mr. Moonan reported that the low score may be due to the fact that some CapEx members were displeased that the lift wasn’t included in the original project, funded collaboratively by Rec and Schools. Mr. Busa suggested that the press box could be switched to the other side of the stadium and a ramp from the tennis court area could resolve access. Mr. Sills said that option had been investigated but, given the slope, it required a ramp and support system deemed too elaborate.

- Mr. O’Connor said Mr. Sorenson has brought a new approach to the vehicle replacement plan. CapEx now expects to allocate “under \$300,000” to that purpose “for the foreseeable future.” Mr. Moonan said “very detailed” usage and maintenance logs are now being kept. In response to a comment from Mr. Busa that Bedford’s used vehicles go on to have a long, second life in other municipalities, Mr. Moonan agreed that Bedford’s vehicle replacement philosophy was “food for discussion.” Only one of the FY16 replacement vehicles is an employee “take home” vehicle.
- Mr. O’Connor pointed out that the Tech projects have been broken into three categories: infrastructure, printers/whiteboards, computers. New whiteboards cost 1/3 of the old ones. Ms. Perry said that 196 computers—at an average of \$825 each— will be purchased. Mr. Sills said that all Schools buy their computers from the State procurement list and that they need to purchase durable ones. There are 800 desktops, 300 laptops in the system and 1061 iPads at the high school. Mr. Sills said computer replacement is based on age; some of the oldest—many handed down to Davis School—are 10-12 years old and do not function.

The Town is also replacing computers in FY16 equaling \$45,000.

- Mr. O’Connor said he looked into how other towns categorize Tech investments. About half put them under “Capital” category and the other half put it in “Operating.”
- Ms. McClung asked if the faculty had been surveyed to see what their needs are. She added that technology advances can produce savings; programs like Apple TV can eliminate the need for other, more expensive hardware purchases. Mr. Sills said the Schools are looking into this type of thing. They also kept track of how other systems were faring with things like “bring your own device” strategies. He agreed that, eventually, bring your own will be standard practice but said so far it hasn’t worked well for those that have tried it.
- Mr. Thomas asked whether it was true that the Capital allocation was going from \$1.4m to \$2.5m this year. Mr. Garofalo said this was the case; Mr. Busa and Mr. Steele said that substantially more than that is spent on Capital annually and that this year, the full total will be something like \$12.5m.
- Mr. Steele asked whether the video surveillance equipment was an action item from the School Safety Task Force formed after the Sandy Hook school shootings. Mr. Sills said it was but that it will also improve security against vandalism.

- Mr. Steele asked how many modulars will be at Davis with the proposed Capital project. Mr. Sills said the total would be three.
- Mr. Powell asked if there is a unified understanding of Town asset value. Mr. Garofalo said there is a Town-wide asset sheet that includes depreciation. The list is always being updated.
- Mr. O’Neil said that, originally, it really bothered him that, with the new 6 year system, all capital projects were thought to be “fully fundable”. “Just because you can supposedly spend the money without raising taxes, doesn’t mean you should....Not all projects are needed.” But, he had a change of heart when he learned that his grandchildren at Lane School use computers very minimally during the school week. “I was against this funding but now I’m a strong advocate of it.”
- Ms. McClung countered that, as a parent and teacher, she wants technology tools to be available worries about having young kids plugged in all day. “It’s not a good thing to assume that all you do when you’re teaching or learning is use a computer. I worry about the assumption that this is the way things have to be taught. “
- Mr. Steele said CapEx should get the word out at Town Meeting about the process change. Ms. Porter said it is the intent of the committee to make a written report in the warrant and also to append the 6 year capital plan to operating budget document distributed at ATM. There is also a page on the Town website with Town Meeting information that will include this information.
- Mr. Thomas and Ms. McClung spoke in praise of those at Town Meeting who ask probing— sometimes heated— questions about Capital Expenditures, saying that FinCom and CapEx should be able to provide clear answers and that such questioning of the status quo has inspired positive change.

Financial Model 2.7: The Utilities budget in the model is now \$1.75m.

Bedford’s Shawsheen Tech enrollment has gone down from 26 to 17 students so the tuition Bedford needs to pay is also down by \$100,000. Mr. Garofalo has lowered Vocational School line item to \$470,000.

Mr. Garofalo increased the Capital article to \$2,561, 843.

The budget Surplus is now \$105,000.

The GIC rates “could be going up as high as 9-10%.” Nothing is final but Mr. Garofalo cautioned that the budgeted increase in the model is only 5%. Adding another \$250,000 to the line item would reflect the possible 10% increase. The Town could know more about GIC and Local Aid after the Massachusetts Municipal Association meets.

Mr. Steele identified another possible red flag in the form of additional homeless families at the Bedford Plaza hotel. Ms. Seibert verified that there are 4-5 more families with 4-5 children each now in residence. FinCom discussed adding another \$50,000 to the Finance Committee Reserve for homeless student transportation.

Mr. Busa advocated moving money into Capital to “pay cash” for the \$300,000 telephone system,

rather than bond it. "I would recommend we take the money presently out of the Unused Levy capacity and put it back into the Capital plan until we hear from the Selectmen what they want to do with the Capital budget as a whole," he said.

After discussion, Mr. Busa made a motion to increase the Capital article to \$2,839,664, an addition of \$277,831. This action would eliminate the budget surplus of \$105,000 and take the remaining \$172,831 from Unused Levy. Mr. Bowen seconded. The motion passed 7-0-0.

Mr. Busa moved to increase the GIC health insurance and benefits line item from \$5,560,520 to \$5,810,520, a total of 10% increase over FY15, taking \$250,000 from Unused Levy. Mr. Powell seconded. The motion passed 7-0-0.

Mr. Garofalo said that the financial policy is that the Finance Committee Reserve account should equal $\frac{1}{2}\%$ of the Operating budget. "That means the balance should be more like \$400,000 as opposed to what it is now, \$389,000."

Mr. Busa made a motion to increase the Finance Committee Reserve by \$11,000 to bring the balance up to \$400,000 per policy and to also increase the homeless student segregated funds by \$50,000. Mr. Powell seconded. The motion passed 7-0-0.

This action brings the homeless student fund up to \$250,000 and decreases the Unused Levy by another \$61,000. The Unused Levy capacity at this point is \$1,695,272.

It was then debated whether to wait to adjust the State Aid total, until more definitive information becomes available, or to decrease the line item now.

After discussion, Mr. Busa moved to reduce State aid by \$60,000. Ms. McClung seconded. The motion passed 6-1-0.

Following this action, the new State Aid number was adjusted to \$5,786,208 and the Unused Levy total was adjusted to \$1,635,272.

Mr. Garofalo reported the Selectmen's budget, at the moment, is \$32,000 over guideline. However, the budget has not yet been presented to the Selectmen.

Ms. McClung said she was concerned to hear what Library Director Callaghan had to say about Bedford salaries falling behind. "I worry about over-spending on Capital and under-spending on personnel and making sure that the people that work for the Town are compensated properly," she explained. "It's very easy to spend on things—for example, everybody wants new computers for every classroom in every school—but the most important thing in that classroom is the teacher."

Mr. Garofalo said that Town Manager Reed will soon present changes to the Salary Bylaw that include a $2\frac{1}{4}\%$ increase. "I think he may propose looking at other communities. The Salary Bylaw specifies the salary range."

He added that replacing the Library employees was not a difficult or lengthy task and that he believed the reason the Library was able to balance its budget more easily this year is because several higher paid employees were replaced by others at a lower pay rate.

Meetings attended: Mr. Thomas said the Selectmen's meeting focused on restaurants and liquor licenses; FinCom guidelines; the audit. Mr. Steele added that the auditor told the Selectmen he was impressed with the financial management of the Town, although he did comment he would not be comfortable with debt as high as 10%.

Mr. Powell attended the Planning meeting at which a public hearing was held on a cluster development special permit off Hartwell Road. Ten to fifteen abutters/neighbors were in attendance to express concerns about density, driveway/private access, and water runoff. 40% of the combined parcel is wetland.

The two co-applicants are interested in securing the subdivision permit from the Planning Board so they can then sell a combined lot for development. Mr. Powell reported that the Planning Board seemed disinclined to allow the permit to go ahead as presented and appear to want a decrease from 5 to 4 proposed lots, an increase in buffering, more soil tests with the goal to improve drainage, and possibly a sidewalk. It was also noted that although the plan was presented as "cluster housing", the potential footprints for houses to be built appear just as large as typical new construction in Bedford.

A permit for eight additional parking spaces at 100 Plank Street was approved.

Mr. Powell added that the Planning Board discussed concerns about the Planning Office staff being overworked, especially with the administrative assistant "out indefinitely on family leave." Mr. Garofalo said it was unfortunate but a temp could not be hired since the administrative assistant is still drawing a paycheck and "there is no money in that budget to hire another person."

Some other alternative solutions were discussed but the Committee felt that it was up to Planning to "sort it out and come tell us what they need", such as a Reserve or Zero fund transfer.

Ms. Perry attended Community Preservation where the merits of this year's projects were discussed. CPC will hold a public hearing on Feb. 5 after which they themselves will cast their votes about the projects and the budget.

Ms. Perry also attended CapEx where the focus was School technology. To better organize these expenditures, three categories— infrastructure, printers/whiteboards, computers—were established.

Mr. Thomas moved that the meeting be adjourned. Mr. Powell seconded. The motion carried, 7-0-0.

Respectfully submitted,
Kim Siebert, FinCom Recording Secretary